



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
[http://emnrd.state.nm.us/ocd/District III/3distric.htm](http://emnrd.state.nm.us/ocd/District%20III/3distric.htm)

GARY E. JOHNSON
Governor

Jennifer A. Sallsbury
Cabinet Secretary

June 11, 1999

Ms Kay Maddox
Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500

Re: Nickson #16, O-35-26N-08W, API # 30-045-20183
Application For Tubingless Exception To Rule 107

Dear Ms Maddox:

Your request to pull tubing in the referenced well and install a casing plunger is hereby granted. This action may produce gas and lift oil and water more efficiently that could result in the recovery of additional reserves. If the plunger is removed after installation, tubing must be re-run before the well is allowed to produce.

If you have any questions, please contact this office.

Yours truly,

Ernie Busch
District Geologist/Deputy O&G Inspector

EB/mk

Xc: Roy Johnson-Santa Fe
Well File

NICKSON # 16-12A



Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

May 25, 1999

Mr. Ernie Busch
New Mexico Oil Conservation Division – Aztec District Office
1000 Rio Brazos Road
Aztec, New Mexico 87410

RE: Application for Tubingless Exception to Rule 107

San Juan 28-7 # 186
API # 30-039-20644
Section 13, T-28-N, R-7-W, K

Nickson # 13
API # 30-045-20168
Section 26, T-26-N, R-8-W, M

Nickson # 16
API # 30-045-20183
Section 35, T-26-N, R-8-W, O

RECEIVED
MAY 28 1999
OIL CON. DIV.
DIST. 3

Dear Mr. Busch,

An exception to Rule 107, requiring the above listed wells to be produced with tubing, is requested. It is believed that producing the well tubingless will increase the producing rate efficiency and maximize recovery from this well. The purpose for removing the tubing from this well is to allow the use of the new innovative casing plunger that allows continuous gas flow while at the same time automatically lifting produced oil and water volumes.

Whereas requests and application for tubingless completions have typically been for newer, high rate gas wells in an effort to reduce the flow restrictions of tubing, these three wells are marginal low rate producers whose production has been restricted by fluid loading. Due to overloading and downtime the referenced wells are not producing at their maximum ability.

The discovery of the new innovative casing plunger seems to offer a more efficient producing solution. Conoco, Inc. was granted permission to use this tool on the Ohio #1 By Order TX 278 dated 12/15/97. This new innovative approach (to the San Juan) for increasing the producing efficiency and ultimate recovery of mature depleted gas wells has been extremely successful as evidenced in the Ohio #1.



Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

-2-

To configure the wellbores for use with the casing plungers the production tubing will be removed and the casing pressure tested for leaks and drift. A casing scraper will be used to clean out the interior casing surface and then re-pressure tested. A downhole collar stop and casing plunger catcher will be installed in the first collar above the top perforation (refer to wellbore schematic). At the surface, the wellhead will be configured with a plunger catcher and a bypass with an automated controller. The plunger is automatically dropped when a fluid loading problem is detected by the surface controller while allowing continuous gas flow through its internal bypass valve.

Conoco, Inc. requests that they be granted an exception to Rule 107 for the above referenced wells to continue this tubingless operation to fully optimize and economically produce the three mature and depleted Dakota gas wells. If there are additional questions regarding this application please call me at (915) 686-5798.

Sincerely yours,

A handwritten signature in cursive script that reads "Kay Maddox".

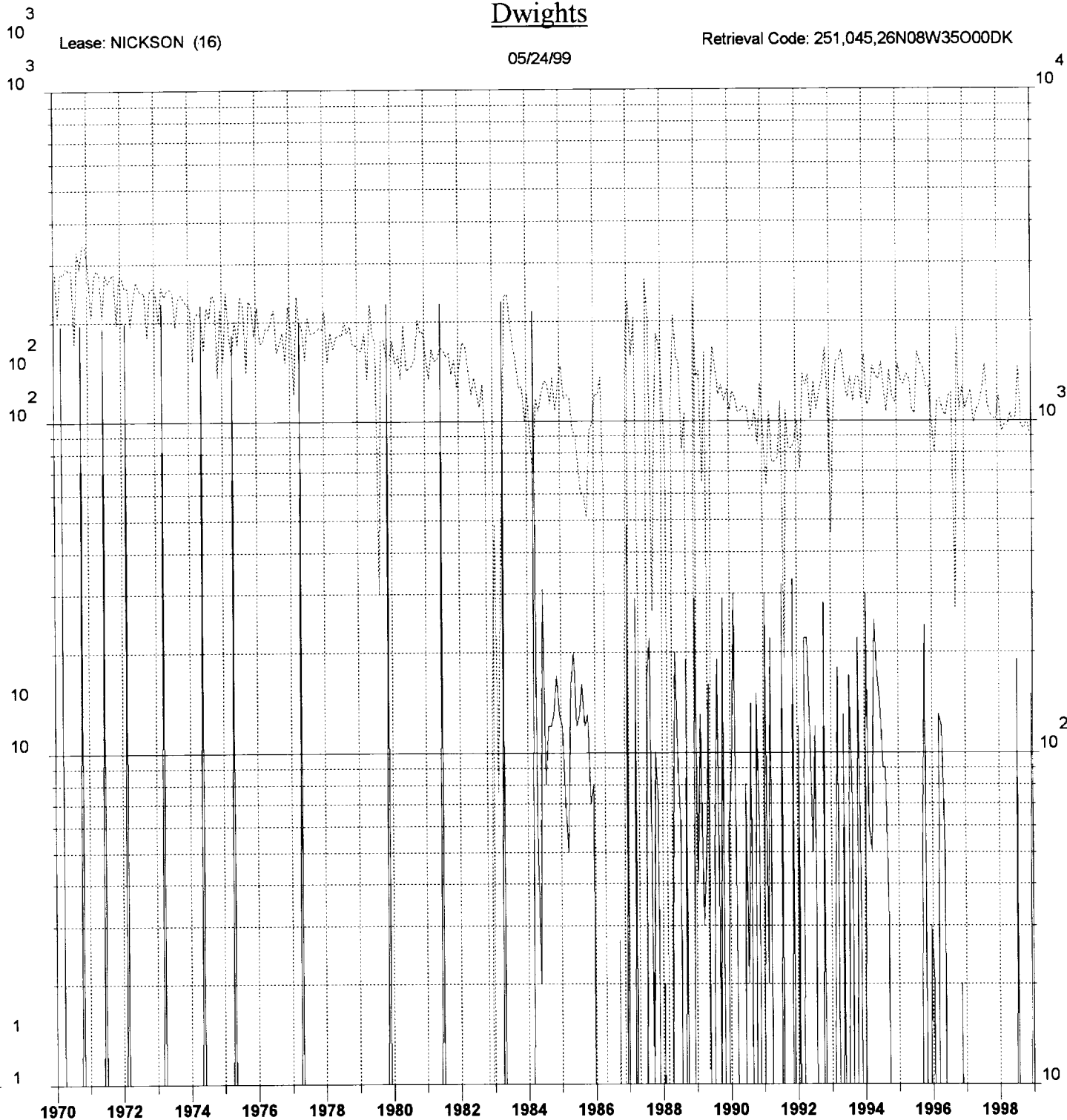
Kay Maddox
Regulatory Agent – Conoco, Inc.

Dwights

Lease: NICKSON (16)

Retrieval Code: 251,045,26N08W35O00DK

05/24/99



Oil (bbl/mo)

County: SAN JUAN, NM

F.P. Date: 03/68

Gas (mcf/mo)

Water (bbl/mo)

Field: BASIN (DAKOTA) DK

Oil Cum: 4406 bbl

Reservoir: DAKOTA

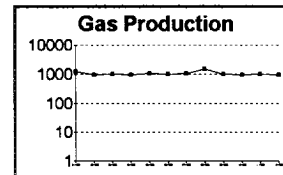
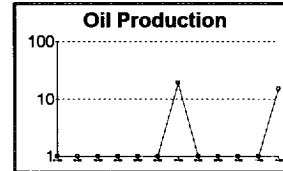
Gas Cum: 592.5 mmcf

Operator: CONOCO INC

Location: 35O 26N 8W

| | | | | | |
|-----------|-----------------------|-------------|-------------|------------|--------|
| Lease: | NICKSON | Well #: | 16 | FP Date: | 68-03 |
| Field: | BASIN (DAKOTA) DK | Location: | 35O 26N 8W | LP Date: | 98-12 |
| Operator: | CONOCO INC | Liquid Cum: | 4,406 bbls | Liq Since: | FPDATE |
| RCI #: | 251,045,26N08W35O00DK | Gas Cum: | 592,479 mcf | Gas Since: | FPDATE |
| API #: | 30-045-20183-00 | Status: | ACT GAS | | |

| DATE | OIL, BBLs | GAS, MCF | WATER, BBLs | WELLS |
|---------|-----------|----------|-------------|-------|
| 01/1998 | 0 | 1,187 | 0 | 1 |
| 02/1998 | 0 | 924 | 0 | 1 |
| 03/1998 | 0 | 974 | 0 | 1 |
| 04/1998 | 0 | 959 | 0 | 1 |
| 05/1998 | 0 | 1,061 | 0 | 1 |
| 06/1998 | 0 | 998 | 0 | 1 |
| 07/1998 | 19 | 1,016 | 0 | 1 |
| 08/1998 | 0 | 1,465 | 0 | 1 |
| 09/1998 | 0 | 967 | 0 | 1 |
| 10/1998 | 0 | 940 | 0 | 1 |
| 11/1998 | 0 | 1,006 | 0 | 1 |
| 12/1998 | 15 | 918 | 0 | 1 |
| Total | 34 | 12,415 | 0 | |



NICKSON 16 (GMH 2/11/97)

